GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:579
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DEFINITION OF POVERTY LINE
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Will the Minister of PLANNING be pleased to state:

(a) the details of per capita income fixed for each State/Union Territory for determination of poverty line;

(b) the main factors taken into consideration in arriving at the figure;

(c) whether it is a fact that the Union Government proposes to enhance the limit to realistic levels to enable the deserving people to avail of the benefit of various schemes meant for the Below Poverty Line families;

(d) if so, the details thereof;

(e) if not, the reasons therefor;

(f) whether in China, the criterion to define poverty line is in terms of a household spending 50% or more of its income on food;

(g) if so, by that criterion, the percentage of India`s rural population falling into this category;

(h) whether the estimates to determine the ratio of the population living below the poverty line reflects the actual figures of population of the States;

(i) if not, whether the Government has any plan to constitute an expert committee or group to go into the matter;

(j) if so, the details thereof; and

(k) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V.RAJASEKHARAN)

(a): Planning Commission uses per capita consumption expenditure, and, not per capita income, for determination of the poverty line. The per capita monthly consumption expenditure fixed for States/ UTs for determining the poverty line is given in Annexure-I.

(b): The main factors, which are taken into consideration in arriving at the figure, are based on the methodology recommended by the Expert Group on `Estimation of Proportion and Number of Poor ` (Lakdawala Committee). The Expert Group, which was constituted in September, 1989 submitted its Report to the Planning Commission in July, 1993. A full Planning Commission meeting chaired by the Prime Minister in March,1997 accepted the recommendations of the Expert Group with minor modifications. Since then the estimates of poverty at national and state level are being made using the Expert Group methodology. The per capita consumption norm has been fixed at Rs.49.09 per month in rural areas and Rs.56.64 per month in urban areas at 1973-74 prices at national level corresponding to a basket of goods and services anchored on a norm of per capita daily calorie requirement of 2400 kcal in rural areas and 2100 kcal in urban areas. The national poverty line at 1999- 2000 prices is Rs.327.56 per capita per month in rural areas and Rs.454.11 per capita per month in urban areas. The state-specific poverty lines are derived from the national level poverty lines, using state-specific price indices and inter-state price differentials, according to the Expert Group Methodology.

(c) to (e) : The prescribed per capita consumption expenditure limits for determination of people living below poverty line are regularly updated using state-specific cost of living indices, that is, Consumer Price Indices for Agricultural Labourers (CPIAL) for rural areas and Consumer Price Indices for Industrial Workers (CPIIW) for urban areas.

(f) & (g) : No Sir, Planning Commission is not aware of the criterion used by China to define their poverty line. Also, the data on per capita income for households is not available in India from the NSSO, which collects data on household consumption expenditure

(h) to (k): The figures on incidence of poverty, that is, percentage of population living below poverty line, at national and state level arrived at by the Planning Commission are based on the large Sample Survey on Household Consumer Expenditure conducted by the National Sample Survey Organisation (NSSO) at an interval of approximately five years, and, then using the Census data, number of persons living below the poverty line is estimated. The methodology used for this purpose is based on the recommendation of the

Expert Group on `Estimation of Proportion and Number of Poor` (Lakdwala Committee), which was adopted in 1997. There is no proposal at present to constitute an Expert Group to go into this matter.

Annexure-I

State-Specific Poverty Lines in 1999-2000

(Rs. per capita per month)

S.no.	State	Rural	Urban
(1)	(2)	(3)	(4)
1	Andhra Pradesh	262.94	457.40
2	Assam	365.43	343.99
3	Bihar	333.07	379.78
4	Gujarat	318.94	474.41
5	Haryana	362.81	420.20
6	Himachal Pradesh	367.45	420.20
7	Karnataka	309.59	511.44
8	Kerala	374.79	477.06
9	Madhya Pradesh	311.34	481.65
10	Maharashtra	318.63	539.71
11	Orissa	323.92	473.12
12	Punjab	362.68	388.15
13	Rajasthan	344.03	465.92
14	Tamil Nadu	307.64	475.60
15	Uttar Pradesh	336.88	416.29
16	West Bengal	350.17	409.22
17	Delhi	362.68	505.45
	All India#	327.56	454.11

The poverty line(implicit) at all-India level is worked out from the expenditure class- wise distribution of persons and thepoverty ratio at all-India level. The poverty ratio at all India level is obtained as the weighted average of the state-wise poverty ratio.